



Substitute House Bill No. 6209

Public Act No. 07-152

AN ACT CONCERNING THE RENEWABLE ENERGY INVESTMENT FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) For purposes of this section, "renewable energy" means solar energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems and other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission.

(b) On and after July 1, 2004, the Department of Public Utility Control shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Renewable Energy Investment Fund established under subsection (c) of this

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section. Notwithstanding the provisions of this section, receipts from such charges shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the department shall, on or before October 30, 2003, issue a financing order for each affected distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of renewable energy investment programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The department may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both charges under this subsection and subsection (a) of section 16-245m and also may in its discretion authorize the issuance of rate reduction bonds under this subsection and subsection (a) of section 16-245m that relate to more than one electric distribution company. The department shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charges imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for renewable resource investment through deposits into the Renewable Energy Investment Fund, provided such expenditures were approved by the department following August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits

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charge except that such expenditures shall not exceed one million dollars per month. All receipts from the remaining charges imposed under this subsection, after reduction of such charges to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Renewable Energy Investment Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the renewable energy investment component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(c) There is hereby created a Renewable Energy Investment Fund which shall be [administered by] within Connecticut Innovations, Incorporated for administrative purposes only. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for renewable energy investments. Upon authorization of the Renewable Energy Investments Board established pursuant to subsection (d) of this section, Connecticut Innovations, Incorporated, may use any amount in said fund for expenditures which promote investment in renewable energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of renewable energy sources, related enterprises and stimulate demand for renewable energy and deployment of renewable energy sources which serve end use customers in this state. Such expenditures may include, but not be limited to, reimbursement for services provided by the administrator of the fund including a management fee, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of renewable energy technologies, and actions which expand the expertise of individuals, businesses and

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lending institutions with regard to renewable energy technologies.

(d) [The chairperson of the board of directors of Connecticut Innovations, Incorporated, shall convene] There is hereby created a Renewable Energy Investments [Advisory Committee to assist Connecticut Innovations, Incorporated, in] Board to act on matters related to the Renewable Energy Investment Fund, including, but not limited to, development of a comprehensive plan and expenditure of funds. The [advisory committee] Renewable Energy Investments Board shall, in such plan, give preference to projects that maximize the reduction of federally mandated congestion charges. The plan shall be consistent with the comprehensive energy plan approved by the Connecticut Energy Advisory Board pursuant to section 16a-7a. [The advisory committee shall include not more than twelve individuals with knowledge and experience in matters related to the purpose and activities of said fund. The advisory committee shall consist of the following members: (1) One person with expertise regarding renewable energy resources appointed by the speaker of the House of Representatives; (2) one person representing a state or regional organization primarily concerned with environmental protection appointed by the president pro tempore of the Senate; (3) one person with experience in business or commercial investments appointed by the majority leader of the House of Representatives; (4) one person representing a state or regional organization primarily concerned with environmental protection appointed by the majority leader of the Senate; (5) one person with experience in business or commercial investments appointed by the minority leader of the House of Representatives; (6) one person with experience in business or commercial investments appointed by the minority leader of the Senate; (7) two state officials with experience in matters relating to energy policy and one person with expertise regarding renewable energy resources appointed by the Governor; and (8) three persons with experience in business or commercial investments appointed by

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the board of directors of Connecticut Innovations, Incorporated. The advisory committee shall issue annually a report to such chairperson reviewing the activities of the fund in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy, the Department of Public Utility Control and the Office of Consumer Counsel. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Energy Conservation and Load Management Funds established pursuant to section 16-245m.] The Renewable Energy Investments Board shall make a draft of the comprehensive plan available for public comment for not less than thirty days. The board shall conduct three public hearings in three different regions of the state on the draft comprehensive plan and shall include a summarization of all public comments received at said public hearings in the final comprehensive plan approved by the board. The board shall provide a copy of the comprehensive plan, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce. The Department of Public Utility Control shall, in an uncontested proceeding, during which the department may hold a public hearing, approve, modify or reject the comprehensive plan prepared pursuant to this subsection.

(e) The Renewable Energy Investments Board shall include not more than fifteen individuals with knowledge and experience in matters related to the purpose and activities of the Renewable Energy Investment Fund. The board shall consist of the following members: (1) One person with expertise regarding renewable energy resources appointed by the speaker of the House of Representatives; (2) one person representing a state or regional organization primarily concerned with environmental protection appointed by the president

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pro tempore of the Senate; (3) one person with experience in business or commercial investments appointed by the majority leader of the House of Representatives; (4) one person representing a state or regional organization primarily concerned with environmental protection appointed by the majority leader of the Senate; (5) one person with experience in business or commercial investments appointed by the minority leader of the House of Representatives; (6) the Commissioner of Emergency Management and Homeland Security or the commissioner's designee; (7) one person with expertise regarding renewable energy resources appointed by the Governor; (8) two persons with experience in business or commercial investments appointed by the board of directors of Connecticut Innovations, Incorporated; (9) a representative of a state-wide business association, manufacturing association or chamber of commerce appointed by the minority leader of the Senate; (10) the Consumer Counsel; (11) the Secretary of the Office of Policy and Management or the secretary's designee; (12) the Commissioner of Environmental Protection or the commissioner's designee; (13) a representative of organized labor appointed by the Governor; and (14) a representative of residential customers or low-income customers appointed by Governor. On a biennial basis, the board shall elect a chairperson and vice-chairperson from among its members and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

(f) The board shall issue annually a report to the Department of Public Utility Control reviewing the activities of the Renewable Energy Investment Fund in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce and the Office of Consumer Counsel. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with

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the Energy Conservation and Load Management Funds established pursuant to section 16-245m.

[(e)] (g) There shall be a joint committee of the Energy Conservation Management Board and the Renewable Energy Investments [Advisory Committee] Board, as provided in subdivision (2) of subsection (d) of section 16-245m, as amended by this act.

[(f)] (h) No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the [advisory committee] board shall, after consulting with the Energy Conservation Management Board, conduct an evaluation of the performance of the programs and activities of the fund and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing [committee] committees of the General Assembly having cognizance of matters relating to energy and commerce.

Sec. 2. Section 32-39 of the general statutes is amended by adding subdivision (39) as follows (*Effective from passage*):

(NEW) (39) To administer the Renewable Energy Investment Fund established pursuant to section 16-245n, as amended by this act.

Sec. 3. Section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) (1) On and after January 1, 2000, the Department of Public Utility Control shall assess or cause to be assessed a charge of three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company to be used to implement the program as provided in this section for conservation and load management programs but not for the amortization of costs incurred prior to July 1, 1997, for such conservation and load management programs.

(2) Notwithstanding the provisions of this section, receipts from

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such charge shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the department shall, on or before October 30, 2003, issue a financing order for each affected electric distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The department may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both the charge under this subsection and under subsection (b) of section 16-245n and also may, in its discretion, authorize the issuance of rate reduction bonds under this subsection and subsection (b) of section 16-245n that relate to more than one electric distribution company. The department shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charge imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and by sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs, provided such expenditures were approved by the department after August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge but such expenditures shall not exceed four million dollars per month. All receipts from the

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remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(b) The electric distribution company shall establish an Energy Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund by electric distribution companies to carry out the plan developed under subsection (d) of this section shall be authorized by the Department of Public Utility Control upon its approval of such plan.

(c) The Department of Public Utility Control shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) the Office of Consumer Counsel; (3) the Attorney General; (4) the Department of Environmental Protection; (5) the electric distribution companies in whose territories the activities take place for such programs; (6) a state-wide manufacturing association; (7) a chamber of commerce; (8) a state-wide business association; (9) a state-wide retail organization; (10) a representative of a municipal electric energy cooperative created pursuant to chapter 101a; (11) two representatives selected by the gas companies in this state; and (12) residential customers. Such members

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shall serve for a period of five years and may be reappointed. Representatives of the gas companies shall not vote on matters unrelated to gas conservation. Representatives of the electric distribution companies and the municipal electric energy cooperative shall not vote on matters unrelated to electricity conservation.

(d) (1) The Energy Conservation Management Board shall advise and assist the electric distribution companies in the development and implementation of a comprehensive plan, which plan shall be approved by the Department of Public Utility Control, to implement cost-effective energy conservation programs and market transformation initiatives. The plan shall be consistent with the comprehensive energy plan approved by the Connecticut Energy Advisory Board pursuant to section 16a-7a at the time of submission to the department. Each program contained in the plan shall be reviewed by the electric distribution company and either accepted or rejected by the Energy Conservation Management Board prior to submission to the department for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The Department of Public Utility Control shall, in an uncontested proceeding during which the department may hold a public hearing, approve, modify or reject the comprehensive plan prepared pursuant to this subsection.

(2) There shall be a joint committee of the Energy Conservation Management Board and the Renewable Energy Investments [Advisory Committee] Board. The board and the advisory committee shall each

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appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Renewable Energy Investment Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

(3) Programs included in the plan developed under subdivision (1) of this subsection [(d) of this section] shall be screened through cost-effectiveness testing which compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Cost-effectiveness testing shall utilize available information obtained from real-time monitoring systems to ensure accurate validation and verification of energy use. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment (A) that documents expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) that documents the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load

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Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the Renewable Energy Investments [Advisory Committee] Board. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Renewable Energy Investment Fund established pursuant to subsection (c) of section 16-245n, as amended by this act.

(4) Programs included in the plan developed under subdivision (1) of this subsection [(d) of this section] may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; and (I) public education regarding conservation. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

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(e) Notwithstanding the provisions of subsections (a) to (d), inclusive, of this section, the Department of Public Utility Control shall authorize the disbursement of a total of one million dollars in each month, commencing with July, 2003, and ending with July, 2005, from the Energy Conservation and Load Management Funds established pursuant to said subsections. The amount disbursed from each Energy Conservation and Load Management Fund shall be proportionately based on the receipts received by each fund. Such disbursements shall be deposited in the General Fund.

(f) No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the Energy Conservation Management Board shall, after consulting with the Renewable Energy Investments [Advisory Committee] Board, conduct an evaluation of the performance of the programs and activities of the fund and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(g) Repealed by P.A. 06-186, S. 91, effective July 1, 2006.

Approved June 25, 2007